

Message Text

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ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

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INFO AMEMBASSY BONN

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AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY THEHAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

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E.O. 11652 N/A

TAGS: EAGR EEC DA

SUBJ: VISIT OF EC COMMISSIONER LARDINOIS

SUMMARY. AT PRESS CONFERENCE DURING TWO-DAY OFFICIAL VISIT TO DENMARK, EC COMMISSIONER LARDINOIS REVIEWED SEVERAL PROPOSALS FOR CAP REFORM NOW UNDER COMMISSION STUDY AND CRITICIZED DENMARK FOR HEAVY INTERVENTION PURCHASES OF BUTTER. HE STATED EC FINANCE MINISTERS ARE COMPLICATING CAP BY FAILURE TO RESOLVE MONETARY QUESTIONS. EMBASSY RECEIVING DEBRIEFING FROM AGMIINISTRY AUGUST 2. END SUMMARY.

1. EC AGRICULTURAL COMMISSIONER LARDINOIS COMPLETED TWO-DAY
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OFFICIAL VISIT TO DENMARK AUGUST 1. PROGRAM INCLUDED LENGTHY

DISCUSSIONS WITH DANISH AGMIN FREDERIKSEN ON FOLLOWING SUBJECTS: REFORM OF THE CAP, EC MANDATE FOR THE INTERNATIONAL SUGAR AGREEMENT CONFERENCE, PROTEIN FEED SITUATION, AND THREE DANISH AGRICULTURAL ACTS WHICH MAY BE CONTRARY TO CAP, SPECIFICALLY RECENTLY ADOPTED FARM MODERNIZATION LEGISLATION THAT WAS PASSED WITHOUT USUAL ADVANCE CLEARANCE WITH BRUSSELS. PROGRAM INCLUDED ESSENTIALLY CEREMONIAL MEETINGS WITH PRIME MINISTER AND SEVERAL OTHER MINISTERS. WE UNDERSTAND ONLY SUBSTANTIVE DISCUSSIONS WERE AT AGMIN. WE HAVE APPOINTMENT WITH AGRICULTURE UNDER SECRETARY AGUSUT 2 FOR DEBRIEFING. FOLLOWING IS BASED ON PRESS ACCOUNTS.

2. AT PRESS CONFERENCE FOLLOWING AGMIN MEETING JULY 31, LARDINOIS STATED THAT CAP COSTS ARE EXCESSIVE AT PRESENT BECAUSE PRODUCTION OF DAIRY PRODUCTS, PARTICULARLY BUTTER, IS TOO LARGE. THEREFORE, THE COMMISSION'S PROPOSAL ON CAP REFORM TO BE PRESENTED EARLY OCTOBER WILL PROVIDE FOR A LOWER BUTTER PRICE AS PART OF THE EFFORTS TO ENCOURAGE A SHIFT FROM MILK TO MEAT PRODUCTION. HE SAID THAT THE MAIN SOLUTION TO THE MILK/MEAT DILEMMA LIES IN THE PRICE RELATIONSHIPS AND REGRETTED THAT THE COUNCIL THIS SPRING HAD ONLY APPROVED A REDUCTION IN THE BUTTER PRICE BY ONE-FOURTH OF THE COMMISSION PROPOSAL. HE EMPHASIZED, HOWEVER, THAT FUNDAMENTAL CHANGES IN THE CAP PRINCIPLES WILL NOT OCCUR. THERE WILL BE ADJUSTMENTS IN PROGRAMS FOR INDIVIDUAL COMMODITIES; FOR EXAMPLE, MEASURES WILL BE INTRODUCED TO SUPPORT GREATER PROTEIN PRODUCTION IN MEMBER COUNTRIES THROUGH, INTER ALIA, A REDUCTION IN THE RATE OF INCREASE IN WHEAT PRICES AND GREATER PRICE INCREASES FOR RAPESEED, OLIVE OIL, HORSEBEANS, CORN, AND OTHER PROTEIN CROPS. THERE IS OF COURSE NO POSSIBILITY OF THE EC BECOMING SELF-SUFFICIENT IN VEGETABLE PROTEINS, CONSIDERING THE CURRENT SITUATION WHERE EC DEPENDS ON IMPORTS FOR 75 PERCENT OF ITS TOTAL SOYBEAN AND PRODUCT CONSUMPTION. HE DID NOT ANTICIPATE THAT REFORM OF AGRICULTURAL POLICIES WILL CAUSE ANY INTRA-EC CRISIS, BUT REFUSED TO COMMENT FURTHER ON WHAT THE COMMISSION PROPOSAL WILL CONTAIN.

3. LARDINOIS REGRETTED THAT DENMARK HAD NOT UTILIZED COMMISSION'S PROPOSAL TO SUBSIDIZE CONSUMER PRICES OF BUTTER (HALF OF SUBSIDY FROM FEOGA, HALF BY NATIONAL GOVERNMENT), AND CRITICIZED DENMARK'S INTERVENTION PURCHASES OF 30,000 TONS OF BUTTER, ABOUT LIMITED OFFICIAL USE

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ONE-FOURTH OF ITS ANNUAL PRODUCTION. LATTER ACTION DEMONSTRATED THAT GUARANTEED PRICE IS TOO HIGH, THEREBY MAKING BUTTER PRODUCTION TOO ATTRACTIVE. IN REGARD TO WEST GERMANY'S (FINANCE MINISTER SCHMIDT'S) CRITICISM OF FEOGA BUDGET OVER-EXPENDITURE, LARDINOIS STATED, ACCORDING TO PRESS REPORTS, THAT THE EC FINANCE MINISTERS ARE NOT DOING THEIR JOB PROPERLY AND THEIR FAILURE TO SOLVE MONETARY PROBLEMS COSTS ADDITIONAL EXPENDITURES DAILY FROM FEOGA; THAT IT IS THE RESPONSIBILITY OF THE FINANCE MINISTERS TO KEEP THEIR HOUSE

IN ORDER AND, IF THEY DO THAT, THE COMMISSION CAN DO A BETTER JOB
IN THE AGRICULTURAL SECTOR. PRESS REPORTS DID NOT MENTION
QUESTIONS ON SUGAR OR AGRICULTURAL LEGISLATION.
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